

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 SIL-01 TRSE-00 SS-15 NSC-05 SP-02 L-02 H-01

DODE-00 PA-01 USIA-06 PRS-01 OMB-01 XMB-02 /068 W

----- 130803

R 211612Z FEB 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9682

INFO AMCONSUL NAPLES

AMCONSUL MILAN

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E.O 11652: N/A

TAGS: EINV, IT

SUBJECT: GENERAL INSTRUMENT PROBLEM

REF: ROME 2210

1. FOR DEPARTMENT BACKGROUND U.S. DESK OFFICER IN MINISTRY OF FOREIGN AFFAIRS URBINI APPROACHED EMBOFFICER FEBRUARY 14 TO SAY THAT MINISTRY OF LABOR HAD ASKED MINISTRY OF FOREIGN AFFAIRS TO CONVEY TO EMBASSY FOLLOWING POINT: MANAGEMENT OF GENERAL INSTRUMENT SHOULD BEGIN RENEGOTIATIONS WITH COMPANY UNIONS TO PLACE 314 LAID-OFF WORKERS IN CASSA INTEGRAZIONE (GOI ENTITY THAT PROVIDES TEMPORARILY LAID-OFF WORKERS WITH UNEMPLOYMENT BENEFITS) RATHER THAN ALLOW WORKERS TO REMAIN PERMANENTLY DISMISSED. IF MANAGEMENT SHOULD PROCEED ON THIS BASIS, ITS REQUEST TO CASSA PER IL MEZZOGIORNO FOR A 971,000,000 LIRE (\$1.00 EQUALS ABOUT 640 LIRE) LOAN FOR CAPITAL IMPROVEMENTS WOULD STAND REASONABLY GOOD CHANCE FOR APPROVAL. URBINI THEN ASKED THAT EMBASSY CONVEY THIS INFORMATION TO CHAIRMAN OF THE BOARD SHAPIRO, OF GENERAL INSTRUMENT IN U.S. EMBOFFICER INDICATED THAT WE WOULD COMPLY BUT THAT WE COULD NOT DICTATE TERMS OF SOLUTION TO AMERICAN COMPANY.

2. EMBASSY SUBSEQUENTLY CONTACTED ING. CORRADETTI, PRESIDENT OF GI
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IN NAPLES AND TOLD HIM OF GOI OFFER. CORRADETTI SAID THAT COM-

PANY HAD NOT REPEAT NOT APPLIED FOR LOAN. SUM MENTIONED BY URBINI REPRESENTS TOTAL COMPANY EXPENDITURES IN NEW INVESTMENTS IN SOUTH, AND UNDER INCENTIVE LAWS FOR MEZZOGIORNO, ACCORDING TO CORRADETTI, GI IS ENTITLED TO A GRANT FROM THE CASSA DEL MEZZOGIORNO OF 20 PERCENT OF THE TOTAL. COMPANY IS LEGALLY ENTITLED TO THIS GRANT, ACCORDING TO CORRADETTI, QUITE APART FROM CASE FOR OR AGAINST PUTTING DISMISSED WORKERS IN CASSA DI INTEGRAZIONE. EMBASSY THEN EXPLAINED GI POSITION TO URBINI, WHO WAS THANKFUL FOR CLARIFICATION, ADDING THAT ITALIAN EMBASSY IN WASHINGTON, ACTING ON INSTRUCTIONS FROM ROME, HAD JUST MADE OFFER TO SHAPIRO. SHAPIRO, IN TURN, PROMISED TO HAVE HIS EUROPEAN HEADQUARTERS IN MILAN CONTACT UNDERSECRETARY FOR LABOR BOSCO TO SEE WHAT, IF ANYTHING, COULD BE DONE TO SOLVE GI'S PROBLEMS. URBINI ADDED THAT INTERVENTION BY USG WITH GI ON THIS PARTICULAR OFFER WAS NOT NECESSARY.

COMMENT: VERY UNLIKELY THAT GOI PROPOSAL WILL BE ACCEPTED BY GI, WHICH, ASIDE FROM HOLDING LEGALISTIC POSITION THAT TWO ISSUES ARE SEPARATE AND NON-NEGOTIABLE, BELIEVES THAT COMPANY'S FINANCIAL POSITION SIMPLY DOES NOT ALLOW FOR TEMPORARY LAY-OFF FOR 314 WORKERS, RATHER THAN OUTRIGHT DISMISSALS. VOLPE

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